

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國碳中和發展集團有限公司

China Carbon Neutral Development Group Limited

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1372)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

INTERIM FINANCIAL STATEMENTS

The board (the “Board”) of directors (the “Directors”) of China Carbon Neutral Development Group Limited (the “Company”) announces the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2024 as follows:-

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

		Unaudited	
		For the six months ended	
		31 December	30 June
		2024	2023
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE		307,757	197,513
Costs of sales and services	6	<u>(282,552)</u>	<u>(181,174)</u>
Gross profit		25,205	16,339
Other income and gains	7	2,774	934
Fair value change on carbon-credit assets	8	(1,709)	1,771
Research and development costs		(9,035)	(3,287)
Administrative and selling expenses		(29,633)	(29,508)
Finance costs	9	(14,852)	(23,084)
Impairment loss recognized on account receivables, other receivables and contract assets, net		<u>(18)</u>	<u>-</u>
Loss before tax	10	(27,268)	(36,835)
Income tax credit	11	<u>-</u>	<u>-</u>
Loss for the period		<u>(27,268)</u>	<u>(36,835)</u>
Other comprehensive expense			
Item that will not be reclassified to profit or loss in subsequent periods:			
Fair value change on a financial asset at fair value through other comprehensive income ("FVTOCI")		(990)	(2,200)
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of financial statements of foreign operations		<u>(1,031)</u>	<u>(310)</u>
Total other comprehensive expense for the period		(2,021)	(2,510)
Total comprehensive expense for the period		<u>(29,289)</u>	<u>(39,345)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME** *(Continued)*

Unaudited

For the six months ended

	31 December	30 June
	2024	2023
<i>Notes</i>	<i>HK'000</i>	<i>HK'000</i>
Loss for the period attributable to:		
Owners of the Company	(26,256)	(36,294)
Non-controlling interests	(1,012)	(541)
	<u>(27,268)</u>	<u>(36,835)</u>
 Total comprehensive expense for the period attributable to:		
Owners of the Company	(28,330)	(38,804)
Non-controlling interests	(959)	(541)
	<u>(29,289)</u>	<u>(39,345)</u>
 Loss per share		
<i>13</i>		
Basic (HK cents)	<u>(4.9)</u>	<u>(9.9)</u>
Diluted (HK cents)	<u>(4.9)</u>	<u>(9.9)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited as at 31 December 2024 <i>HK\$'000</i>	Audited as at 30 June 2024 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Plant and equipment		4,009	4,543
Right-of-use assets		5,198	10,933
Intangible assets		4,614	4,614
Goodwill		41,431	41,816
Deposits and other receivables		1,885	1,885
Investment in an associate		1,060	1,070
Investment in a joint venture		-	-
Financial asset at FVTOCI		1,660	2,650
Total non-current assets		59,857	67,511
CURRENT ASSETS			
Carbon-credit assets	8	14,204	15,620
Inventories		2,590	2,618
Contract assets	14	89,147	70,471
Accounts receivables	15	20,710	20,635
Prepayments, deposits and other receivables		52,843	47,963
Tax receivable		63	-
Restricted bank deposits		18,129	1,313
Cash and cash equivalents		118,981	138,125
Total current assets		316,667	296,745
CURRENT LIABILITIES			
Accounts payable	16	54,407	54,683
Tax payable		-	90
Other payables and accruals		168,343	130,135
Interest-bearing bank and other borrowings		59,635	62,659
Lease liabilities		2,701	6,046
Convertible bonds		90,366	77,695
Total current liabilities		375,452	331,308
NET CURRENT LIABILITIES		(58,785)	(34,563)
TOTAL ASSET LESS CURRENT LIABILITIES		1,072	32,948

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		Unaudited as at 31 December 2024 HK\$'000	Audited as at 30 June 2024 HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Other payables and accruals		2,655	3,031
Interest-bearing bank and other borrowings		9,541	6,957
Lease liabilities		1,542	6,337
Convertible bonds	17	-	-
Promissory notes	18	16,099	16,099
Deferred tax liabilities		1,922	1,922
Total non-current liabilities		31,759	34,346
NET LIABILITIES		(30,687)	(1,398)
EQUITY			
Share capital		5,358	5,358
Reserves		(31,512)	(3,182)
Equity/(deficit in equity) attributable to:			
Owners of the Company		(26,154)	2,176
Non-controlling interests		(4,533)	(3,574)
DEFICIT IN EQUITY		(30,687)	(1,398)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Six months ended 31 December 2024
Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Equity component of convertible bonds <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Fair value reserve of financial assets at FVTOCI <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Deficit in equity <i>HK\$'000</i>
At 1 July 2024 (Audited)	5,358	997,242	2,161	(1,202)	91,578	18,208	(17,350)	(1,093,819)	2,176	(3,574)	(1,398)
Loss for the period	-	-	-	-	-	-	-	(26,256)	(26,256)	(1,012)	(27,268)
Other comprehensive expenses:											
Fair value loss on a financial asset at fair value through other comprehensive income	-	-	-	-	-	-	(990)	-	(990)	-	(990)
Exchange differences on translation of foreign operations	-	-	-	(1,084)	-	-	-	-	(1,084)	53	(1,031)
Total of comprehensive expense for the period	-	-	-	(1,084)	-	-	(990)	(26,256)	(28,330)	(959)	(29,289)
At 31 December 2024	5,358	997,242	2,161	(2,286)	91,578	18,208	(18,340)	(1,120,075)	(26,154)	(4,533)	(30,687)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
Six months ended 30 June 2023
Attributable to owners of the Company

	Share capital <i>HK\$ '000</i>	Share premium <i>HK\$ '000</i>	Capital reserve <i>HK\$ '000</i>	Exchange fluctuation reserve <i>HK\$ '000</i>	Equity component of convertible bonds <i>HK\$ '000</i>	Share option reserve <i>HK\$ '000</i>	Fair value reserve of financial assets at FVTOCI <i>HK\$ '000</i>	Accumulated losses <i>HK\$ '000</i>	Sub-total <i>HK\$ '000</i>	Non-controlling interests <i>HK\$ '000</i>	Deficit in equity <i>HK\$ '000</i>
At 1 January 2023 (Audited)	3,205	572,325	2,161	(11,800)	(174)	327,908	39,908	(982,679)	(49,146)	(623)	(49,769)
Loss for the period	-	-	-	-	-	-	-	(36,294)	(36,294)	(541)	(36,835)
Other comprehensive expenses:											
Fair value loss on a financial asset at fair value through other comprehensive income	-	-	-	(2,200)	-	-	-	-	(2,200)	-	(2,200)
Exchange differences on translation of foreign operations	-	-	-	-	(310)	-	-	-	(310)	-	(310)
Total of comprehensive expense for the period	-	-	-	(2,200)	(310)	-	-	(36,294)	(38,804)	(541)	(39,345)
Upon acquisition	-	-	-	-	-	-	-	-	-	(616)	(616)
Issue of shares upon conversion of convertible bonds	1,200	376,224	-	-	-	(236,330)	-	-	141,094	-	141,094
Issue of new shares	60	14,940	-	-	-	-	-	-	15,000	-	15,000
At 30 June 2023	4,465	963,489	2,161	(14,000)	(484)	91,578	39,908	(1,018,973)	68,144	(1,780)	66,364

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended	
	31 December	30 June
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows generated from operating activities	4,705	11,786
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(2,236)
Additions of plant and equipment	(101)	(374)
Acquisition of subsidiaries, net of cash	-	(19,408)
(Increase)/decrease in restricted bank deposit	(18,129)	995
Net cash flows used in investing activities	(18,230)	(21,023)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	15,000
Principal portion of lease payment	(5,909)	(5,404)
New other borrowings	217	-
Repayment of other borrowings	(542)	-
Net cash flows (used in)/ generated from financing activities	(6,234)	9,596
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Net (decrease)/increase in cash and cash equivalents	(19,759)	359
Cash and cash equivalents at the beginning of period	139,438	76,117
Effect of foreign exchange rate changes, net	(698)	119
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	118,981	76,595
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS STATED IN THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS		
Cash and bank balances	118,981	76,595
Restricted bank deposits	18,129	-
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	137,110	76,595

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

During the six months ended 31 December 2024, the Group was principally engaged in the following principal activities:

- Trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and carbon planning; and the carbon negative business including industrial carbon negative with a core of development of carbon capture, utilization and storage (“CCUS”) and natural carbon negative focusing on forest and crop optimization (the “Global Carbon Neutral Business”);
- Civil engineering works and building construction and maintenance works (the “Civil Engineering and Construction Business”);
- Providing ESG analysis reports and assisting in obtaining green financing (the “Green Credit Digital Technology Business”); and
- Acquiring waste materials from power batteries, while developing the cascade utilisation of retired batteries from new energy public buses (the “Battery Cascading Utilization Business”).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 31 December 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies and the basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s consolidated financial statements for the 18 months ended 30 June 2024, except for the adoption of new and revised standard with effect from 1 July 2024.

The adoption of the new and revised standards are not expected to have any significant impact on the Group’s condensed consolidated interim financial information.

The Group has not early adopted any new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that have been issued by the HKICPA but not yet effective.

The Group has changed its financial year ended date from 31 December to 30 June. The current period of unaudited condensed consolidated interim financial statements covers a six-month period ended 31 December 2024 and the comparative financial statements cover a six-month period ended 30 June 2023. The comparative amounts are therefore not entirely comparable.

3. GOING CONCERN ASSESSMENT

The unaudited condensed consolidated interim financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated interim financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated interim financial statements have been prepared on the historical cost basis except for financial asset at FVTOCI that are measured at fair value and carbon-credit assets that are measured at fair value less cost to sell at the end of each reporting period. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the material accounting policy information set out below.

The Group incurred a net loss of approximately HK\$27,268,000 for the period and had net liabilities of approximately HK\$30,687,000 as at 31 December 2024. Notwithstanding the above results, the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements. Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- other than continuing to develop carbon credit assets from existing carbon projects, the Group will continue to identify and seize more new carbon projects to secure supply of carbon credit assets and enrich the carbon credit assets portfolio of the Group;
- the Group will take initiatives to improve the gearing of the Group, including the repayment of other borrowings, which will reduce the long-term finance costs to the Group;
- the Group will carefully monitor and control administrative costs and future capital expenditures;
- a holder of convertible bonds has agreed to provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due for the foreseeable future and not call for any repayment of convertible bonds amounting to HK\$89,000,000, until the Group is in a financial position to do so; and
- the directors of the Company have carried out a detail review of the working capital forecast of the Group for not less than twelve months from the year end date, which took into account the projected future working capital of the Group.

In view of the above, the directors of the Company are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the directors of the Company have prepared the unaudited condensed consolidated financial statements on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the directors of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these unaudited condensed consolidated interim financial statements.

4. ESTIMATES

The preparation of this unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group as at and for the 18 months ended 30 June 2024.

5. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

- Global carbon neutral segment – (i) trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and carbon planning; and (ii) carbon negative business including industrial carbon negative with a core of development of CCUS and natural carbon negative focusing on forest and crop optimization;
- Civil engineering and construction segment – civil engineering works and building construction and maintenance works;
- Green credit digital technology segment – providing ESG analysis reports and assisting in obtaining green financing; and
- Battery Cascading Utilization business segment – acquisition of waste materials from power batteries, while developing the cascade utilisation of retired batteries from new energy public buses.

Management monitors the results of the Group's operating segments separately for the purpose of making decision about resources allocations and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that finance costs (other than interest on lease liabilities) as well as head office and corporate income and expenses are excluded from such measurement.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 31 December 2024 (Unaudited)

	Global carbon neutral <i>HK\$'000</i>	Civil engineering and construction <i>HK\$'000</i>	Battery cascading utilization business <i>HK\$'000</i>	Green credit digital technology <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>2,739</u>	<u>287,466</u>	<u>12,211</u>	<u>5,341</u>	<u>307,757</u>
Segment results	<u>(15,340)</u>	<u>6,064</u>	<u>(784)</u>	<u>(1,232)</u>	(11,292)
Corporate and unallocated income					-
Corporate and unallocated expenses					(1,629)
Finance costs (other than interest on lease liabilities)					<u>(14,347)</u>
Loss before tax					<u>(27,268)</u>

For the six months ended 30 June 2023 (Unaudited)

	Global carbon neutral <i>HK\$'000</i>	Civil engineering and construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>3,337</u>	<u>194,176</u>	<u>197,513</u>
Segment results	<u>(15,633)</u>	<u>3,806</u>	(11,827)
Corporate and unallocated income			-
Corporate and unallocated expenses			(2,637)
Finance costs (other than interest on lease liabilities)			<u>(22,371)</u>
Loss before tax			<u>(36,835)</u>

6. REVENUE

	Unaudited	
	For the six months ended	
	31 December	30 June
	2024	2023
	HK\$'000	HK\$'000
Types of goods or services		
Sales of carbon-credit assets	1,226	154
Provision of carbon neutral advisory and carbon planning services	1,513	3,183
Trading waste batteries	12,211	-
Green credit digital technology services	5,341	-
Construction and civil energy service	287,466	194,176
	<hr/>	<hr/>
Total revenue from contracts with customers	307,757	197,513
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
At the point in time	13,437	154
Overtime	294,320	197,359
	<hr/>	<hr/>
Total revenue from contracts with customers	307,757	197,513
	<hr/> <hr/>	<hr/> <hr/>

7. OTHER INCOME AND GAINS

	Unaudited	
	For the six months ended	
	31 December	30 June
	2024	2023
	HK\$'000	HK\$'000
Interest income	1,595	55
Consultancy fee income	180	180
Government subsidies	179	–
Management fee income	798	–
Sundry income	22	699
	<u>2,774</u>	<u>934</u>

8. CARBON-CREDIT ASSETS

Carbon-credit assets were formed through the exploration and development of relevant business units of the Group and originated from the verified and issued International Certified Emission Reductions which is generated from various emissions reductions projects such as biomass power generation, solar photovoltaic power generation, landfill gas recovery and power generation, and coal mine methane power generation. These International Certified Emission Reductions are tradable carbon-credit assets that comply with the Gold Standard (GS) and the Verified Carbon Standard (VCS).

Carbon-credit assets are measured at fair value and the changes in fair value are recognized as fair value gain or loss on carbon-credit assets in the condensed consolidated statement of profit or loss.

9. FINANCIAL COSTS

	Unaudited	
	For the six months ended	
	31 December	30 June
	2024	2023
	HK\$'000	HK\$'000
Interest on lease liabilities	334	685
Interest on bank and other borrowings	171	28
Interest on promissory notes	1,676	1,292
Imputed interest on convertible bonds	12,671	21,079
	<u>14,852</u>	<u>23,084</u>

10. LOSS BEFORE TAX

	Unaudited	
	six months ended	
	31 December	30 June
	2024	2023
	HK\$'000	HK\$'000
The Group's loss before tax is arrived at after charging/(crediting):		
Cost of sales		
Cost of inventories sold	12,211	621
Cost of service income	270,341	180,553
	282,552	181,174
Employee benefit expense (excluding directors' and chief executives' remuneration)	14,424	17,696
Director remuneration	1,086	2,342
Impairment loss of other receivables, net	18	105
Reversal of impairment loss of contract assets	-	(474)
Depreciation of plant and equipment	631	493
Depreciation of right-of-use assets	3,862	4,977

11. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI. Income tax arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the relevant law and regulations in the PRC, PRC subsidiaries qualified as Hi-Tech Enterprise or eligible to enjoy the western Region Preferential Income Tax policies are entitled to 15% PRC enterprise income tax. The tax rate of the other PRC subsidiaries is 25%. No provision for Hong Kong profits tax has been made for the six months ended 31 December 2024 as there was no assessable profits generated on the estimated assessable profits arising in Hong Kong for the period (six months ended 30 June 2023: Nil).

12. DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 31 December 2024 (six months ended 30 June 2023: Nil).

13. LOSS PER SHARE

The calculations of the basic loss per share for the six months ended 31 December 2024 are based on the condensed consolidated loss for the period attributable to owners of the Company of HK\$26,256,000 (30 June 2023: HK\$36,294,000) and the weighted average number of 535,800,000 (30 June 2023: 364,887,000) ordinary shares in issue during the period.

The calculations of the diluted loss per share for the six months ended 31 December 2024 are based on the loss for the period attributable to the owners of the Company adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation are the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The computation of diluted loss per share for the six months ended 31 December 2024 did not assume the conversion of the convertible bonds and the exercise of the share options since the assumed conversion and exercise would be anti-dilutive which result in a decrease in loss per share.

The calculations of basic and diluted loss per share are based on:

	Unaudited	
	For the six months ended	
	31 December	30 June
	2024	2023
	HK\$'000	HK\$'000
Loss		
Loss attributable to owners of the Company, used in basic and diluted loss per share calculations	(26,256)	(36,294)
	535,800,000	364,887,000

14. CONTRACT ASSETS

	Unaudited as at 31 December 2024 <i>HK\$'000</i>	Audited as at 30 June 2024 <i>HK\$'000</i>
Contract assets arising from:		
– Construction services	14,509	8,644
– Civil engineering services	66,137	49,712
	<u>80,646</u>	<u>58,356</u>
Less: Allowance for impairment loss	<u>(1,422)</u>	<u>(1,422)</u>
Sub-total	<u>79,224</u>	<u>56,934</u>
Retention receivables of:		
– Construction services	6,109	9,562
– Civil engineering services	4,038	4,199
	<u>10,147</u>	<u>13,761</u>
Less: Allowance for impairment loss	<u>(224)</u>	<u>(224)</u>
Sub-total	<u>9,923</u>	<u>13,537</u>
Total contract assets	<u>89,147</u>	<u>70,471</u>

The expected timing of recovery or settlement for contract assets is as follows:

	Unaudited as at 31 December 2024 <i>HK\$'000</i>	Audited as at 30 June 2024 <i>HK\$'000</i>
Within one year	76,514	68,390
After one year	<u>12,633</u>	<u>2,081</u>
Total contract assets	<u>89,147</u>	<u>70,471</u>

15. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract work. The payment terms of contract work receivables are stipulated in the relevant contracts and the credit period is generally 30 days. The carrying amounts of accounts receivable approximate to their fair values. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances which are non-interest bearing.

	Unaudited as at 31 December 2024 <i>HK\$'000</i>	Audited as at 30 June 2024 <i>HK\$'000</i>
Accounts receivable	22,146	22,071
Less: Allowance for impairment loss	<u>(1,436)</u>	<u>(1,436)</u>
	<u>20,710</u>	<u>20,635</u>

The ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, as follows:

	Unaudited as at 31 December 2024 <i>HK\$'000</i>	Audited as at 30 June 2024 <i>HK\$'000</i>
Within 3 months	20,185	20,053
4 to 6 months	96	12
Over 6 months	<u>429</u>	<u>570</u>
	<u>20,710</u>	<u>20,635</u>

The movements in the loss allowance for impairment of accounts receivable are as follows:

	Unaudited as at 31 December 2024 <i>HK\$'000</i>	Audited as at 30 June 2024 <i>HK\$'000</i>
At the beginning of period	1,436	1,438
Revesal of impairment losses	<u>-</u>	<u>(2)</u>
At the end of period	<u>1,436</u>	<u>1,436</u>

16. ACCOUNTS PAYABLE

An ageing analysis of accounts payable at the end of each reporting period, based on the invoice date, is as follows:

	Unaudited as at 31 December 2024 HK\$'000	Audited as at 30 June 2024 HK\$'000
Within 3 months	51,174	53,525
4 to 6 months	884	310
Over 6 months	2,349	848
	<u>54,407</u>	<u>54,683</u>

As at 31 December 2024, retentions payable included in accounts payable amounted to HK\$16,526,000 (30 June 2024: HK\$15,696,000), which are normally settled on terms ranging from two to three years. The carrying amounts of accounts payable approximate to their fair values.

The remaining accounts payable are non-interest bearing and are normally settled on terms ranging from 7 to 120 days. The payment terms are stipulated in the relevant contracts.

17. CONVERTIBLE BONDS

The convertible bonds recognized in the condensed consolidated statement of financial position are bifurcated into two components for accounting purpose, namely the liability component and the equity component, and the movements of these components during the reporting period are as follows:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 July 2024 (Audited)	77,695	91,578	169,273
Interest expense	12,671	–	12,671
At 31 December 2024 (Unaudited)	<u>90,366</u>	<u>91,578</u>	<u>181,944</u>

On 4 February 2016, the Company issued zero coupon convertible bonds with an aggregate principal amount of HK\$390,000,000 to Power Expert Global Limited (“Power Expert”) as part of the consideration for the acquisition of the Automotive Engines Business. The maturity date of the convertible bonds is on the second anniversary of the date of issuance (i.e. 4 February 2018). The convertible bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the convertible bonds. The convertible bonds can be converted into 195,000,000 ordinary shares in the Company at the initial conversion price of HK\$2.00 per conversion share (subject to adjustment pursuant to the terms of the convertible bonds). The Company may at any time before the maturity date by written notice redeem the convertible bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled.

On 13 March 2018, the Company has executed the extension of the maturity date of the convertible bonds for 2 years from 4 February 2018 to 4 February 2020. On 8 November 2019, the Company and the then holder of the convertible bonds, Power Expert, entered into an amendment agreement, pursuant to which the maturity date of the convertible bonds shall be extended for 5 years to 4 February 2025. This proposed amendment took effect on 14 January 2020 (“CB Extension”). As a result of CB Extension, the liability and equity component was extinguished by HK\$302,173,000 and (HK\$8,461,000) respectively based on revaluation upon the date of execution, i.e. 14 January 2020. The revaluation was carried out by Moore Transaction Services Limited. On the other hand, the carrying amount has been charged with imputed interest.

On 3 February 2020, the Company received a duly-executed transfer notice from Power Expert notifying the Company that Power Expert has agreed to transfer the convertible bonds to LE Group Holdings Pte. Ltd. (“LEGH”). The Company has given its consent on the transfer and issued new certificates of the convertible bonds to LEGH.

On 7 October 2020, the Company received a transfer notice from LEGH notifying the Company that LEGH has agreed to transfer the entire convertible bonds back to Power Expert. The Company has given its consent on the transfer and issued new certificates of the convertible bonds to Power Expert.

On 23 September 2021, the Company received a transfer notice from Power Expert notifying the Company that Power Expert has agreed to transfer the entire convertible bonds to Quick Tycoon Limited (“Quick Tycoon”). The Company has given its consent on the transfer and issued new certificates of the convertible bonds to Quick Tycoon Limited.

On 18 October 2021, the Company received an assignment notice from Quick Tycoon notifying the Company that Quick Tycoon has agreed to transfer the convertible bonds in the principal amount of HK\$2 million and HK\$3 million to two different independent party respectively. The Company has given its consent on the transfer and issued new certificates of the convertible bonds accordingly.

As at 31 December 2024, the convertible bonds had a carrying amount of HK\$180,944,000 (30 June 2024: HK\$169,273,000), in which HK\$91,578,000 (30 June 2024: HK\$91,578,000) was recognized as equity and HK\$90,366,000 (30 June 2024: HK\$77,695,000) was recognized as non-current liabilities.

During the period ended 31 December 2024, the imputed interest on convertible bonds was amounted to HK\$12,671,000 (during the 18 months ended 30 June 2024: HK\$41,245,000), in which HK\$12,126,000 (during the 18 months ended 30 June 2024: HK\$39,471,000) was related to the convertible bonds held by Quick Tycoon.

During the period ended 31 December 2024, no convertible bonds (the 18 months ended 30 June 2024: HK\$240,000,000) was converted and the outstanding principal amount of the convertible bonds was HK\$93,000,000 (30 June 2023: HK\$93,000,000).

18. PROMISSORY NOTES

	Unaudited as at 31 December 2024 HK\$'000	Audited as at 30 June 2024 HK\$'000
First Note	<u>16,099</u>	<u>16,099</u>

On 4 February 2016, the Company issued two promissory notes with face values of HK\$174,250,000 (the “First Note”) and HK\$235,750,000 (the “Second Note”) in favour of Power Expert as part of the consideration for the acquisition of Automotive Engines Business. Both the First Note and Second Note carry interest at a rate of 10% per annum. The outstanding principal amounts plus any accrued interest will be repayable on the maturity date falling on the second anniversary of the date of the First Note and Second Note, i.e. 4 February 2018.

On 31 December 2017, the Company has extended the maturity date of the First Note and Second Note for 2 years from 4 February 2018 to 4 February 2020 and the interest rate was adjusted downwards from 10% to 8% per annum, all accrued and outstanding interest shall be repaid on the extended maturity date of 4 February 2020.

On 8 November 2019, the Company and Power Expert entered into an amendment agreement, pursuant to which the term of the promissory notes will be changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020 shall be payable on 4 February 2025 (“PN Extension”). Further details are set out in the Company’s announcement dated 8 November 2019 and the Company’s circular dated 19 December 2019. This proposed amendment took effect on 14 January 2020. As a result of PN Extension, the gain on modification of promissory notes amounted to HK\$294,577,000 was recognized based on revaluation upon the date of execution, i.e. 14 January 2020. The revaluation was carried out by Moore.

On 3 February 2020, the Company received an assignment notice from Power Expert notifying the Company that Power Expert has agreed to assign the promissory notes to LE Group Holdings Pte. Ltd. (“LEGH”). The Company has given its consent on the transfer and issued new certificates of the promissory notes to LEGH.

On 12 October 2020, the Company received an assignment notice from LEGH notifying the Company that LEGH has agreed to assign the promissory notes back to Power Expert. The Company has given its consent on the transfer and issued new certificates of the promissory notes to Power Expert.

During the year ended 31 December 2021, Second Note has been repaid.

During the year ended 31 December 2022, the Company had partial early redeemed the principal amount of the First Note of HK\$129,462,000 and a further principal amount of HK\$6,473,000 was waived by Quick Tycoon. As a result of the redemption, a loss of approximately HK\$74,562,000 was recognized in the consolidated statement of profit or loss and other comprehensive income.

During the 18 months ended 30 June 2024, the Company had partial early redeemed the principal amount of the First Note of HK\$22,216,000.

As at 31 December 2024, the promissory notes had a carrying amount of HK\$16,099,000 (30 June 2024: HK\$16,099,000) which was recognized as non-current liabilities.

The carrying amounts of the First Note at year end were computed by discounting the face values of the notes by the effective interest rate and the outstanding interest payable.

19. CONTINGENT LIABILITIES

As of 31 December 2024, the Group had the following contingent liabilities:

- (a) The guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK\$17,984,000 (30 June 2024: HK\$16,777,000).
- (b) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's sub-contractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

The Group is principally engaged in (i) global carbon neutral business, focusing on trading of carbon-credit assets, carbon credit and carbon asset development, management and investment in carbon neutral related fields and carbon consulting and planning; and utilising a blockchain-based dual-carbon digital control platform to connect and mobilise the entire dual-carbon chain resource to support the sustainable development of the dual-carbon economy; a green development platform based on "Green Finance Open Platform" to provide ESG-related services; (ii) utilising Henan Zailiang New Energy Renewal Co. Ltd. To be selected into the Ministry of Industry and Information Technology's white list for comprehensive utilization of waste batteries to actively carry out cascade utilization of waste batteries and related businesses, and use blockchain and artificial intelligence technology to develop Xunli website's data technology to empower new energy battery utilization online and offline integrated platforms; and (iii) civil engineering works, building construction and maintenance works.

For the six months ended 31 December 2024 ("1H2024" or the "Reporting Period"), the Group recorded a consolidated revenue of approximately HK\$307.8 million (30 June 2023: approximately HK\$197.5 million). The gross profit of the Group for 1H2024 was approximately HK\$25.2 million (30 June 2023: approximately HK\$16.3 million).

The Group recorded a loss attributable to owners of the Company for the six months ended 31 December 2024 of approximately HK\$26.3 million (30 June 2023: approximately HK\$36.3 million). The decrease in loss was mainly attributable to the decrease in the imputed interest on convertible bonds of HK\$8.4 million during the six months ended 31 December 2024.

Basic and diluted loss per share for the six months ended 31 December 2024 were HK\$4.9 cents (30 June 2023: HK\$9.9 cents).

As at 31 December 2024 the Group recorded HK\$14.2 million (30 June 2023: HK\$10.7 million) of carbon-credit assets on the condensed consolidated statement of financial position. During the Reporting Period, the Group has recorded a fair value gain on carbon-credit assets of approximately HK\$1.7 million (30 June 2023: approximately HK\$1.8 million of the fair value gain).

During the Period, the Group was mainly engaged in the following activities:

Global Carbon Neutral Business

The Group launched the Global Carbon Neutral Business Segment at the beginning of 2021. It established a unique market position for the carbon neutral related operations, primarily focusing on carbon credit asset development, operation and management, investment, carbon consulting and carbon neutral planning. Through actively deploying negative carbon emissions as basic industry, the Group achieved a unique carbon-neutral collaborative development approach that combines new asset development and management with industry, creating a sustainable and high-return business model.

During the Reporting Period, the Group continued to expand its business by leveraging successful experiences in the VCS platform for projects in intensive fertilizer processing, waste incineration power generation, and biogas recovery in the beef industry, thereby increasing carbon asset reserves.

For 1H2024, the revenue of the Global Carbon Neutral Business was approximately HK\$2.7 million (30 June 2023: approximately HK\$3.3 million) and the segment loss was approximately HK\$15.3 million (30 June 2023: approximately HK\$15.6 million). The loss consists of the fair value loss on carbon credit assets for approximately HK\$1.7 million during the six months ended 31 December 2024.

The management team for the Group's carbon neutrality operations possesses rich management experience, with outstanding expertise and practical experience in finance, asset management, corporate management, and investment practices. The personnel involved in the carbon neutrality business are experts with extensive practical experience in the field, including globally recognized climate change experts, national environmental protection carbon verifiers, and authoritative experts in China's environmental planning field. This professional team accurately grasps current carbon market conditions and development trends in the carbon neutrality field, providing comprehensive support for the Group's operations, thereby effectively positioning and expanding related carbon neutrality businesses and creating long-term value for shareholders.

As for carbon asset operation and management business, this segment focuses on carbon asset development, operation and management originated from the provision of carbon consulting, auditing and development services. A leading business model which integrates carbon asset development, operation and management is thus created. As the core asset under management, the carbon asset operation and management business will be extended to other areas, including but not limited to carbon trading, carbon options and futures, carbon index, repurchase of carbon mortgage and carbon custody. During the Reporting Period, the Group made relentless efforts to expand carbon asset development, operation and management business.

DEVELOPMENT OF CARBON-NEUTRAL DIGITAL TECHNOLOGY

The Group continues to leverage the technology-enabled role of China Carbon Green Credit Technology (Shenzhen) Company Limited, a leading blockchain-based digital technology service provider in China. To empower various industries to achieve carbon-neutral development efficiently and economically, the Group will upgrade the infrastructure already built by the company into an one-stop green finance trusted data service network ("Green Credit Chain"), and based on the Green Credit Chain, create a credible, accurate, and secure carbon peak and carbon neutrality ("Dual Carbon") digital and control platform ("Dual Carbon Digital Management and Control Platform"). This platform features high transparency, auditability, traceability, and immutability, and integrates leading global security technologies, encompassing 24 methodologies covering all carbon emission industries. The system capitalizes on data-driven advantages to establish a big data analysis model for dual carbon planning, providing users with comprehensive implementation roadmaps and timelines from the energy side, corporate side, user side, and management side. The platform can provide local governments with continuous, dynamic, real-time dual carbon data, smart analysis, and visual displays, facilitating energy structure transformation, optimizing energy consumption structures in key industries, accelerating decarbonization, and promoting the implementation of carbon neutrality. This establishes a solid digital technology foundation for data analysis and strategic decision-making related to carbon peaking and carbon neutrality, assisting governments in making scientific decisions and accurately planning dual carbon pathways, helping them achieve dual carbon implementation goals while ensuring stable economic growth.

Moreover, the successful launch of this platform significantly enhances the Group's business capabilities in carbon accounting, carbon trading, carbon planning, carbon consulting, carbon accounts, carbon asset development, carbon asset custody, carbon emissions big data analysis and trading, ESG information disclosure, and green energy management, showcasing the commercial application scenarios of the Group's products in the dual carbon field and injecting new vitality into the Group's business development. During the reporting period, the platform successfully participated in government procurement bidding at the Public Resource Trading Center in Jiyuan City, Henan Province, winning contracts. This business has strong replicability characteristics and can be promoted nationally to provide services for the government, while also generating revenue growth for the company.

Operation of Lithium Xunli Website

During the reporting period, the Group's Lithium Xunli Website was officially launched. This network focuses on the lithium battery recycling industry chain, leveraging blockchain and DeepSeek underlying technologies to provide digital services for the industry. The platform aims to facilitate transactions between upstream and downstream businesses and, based on industry cooperation credit, offers lithium battery financial services to platform clients, helping companies improve productivity and expand business capabilities, striving to create a comprehensive service platform integrating "resources, data, and transactions." The launch of Lithium Xunli Website 2.0 marks an expansion of service scope, including the extension of bidding information, establishment of an e-commerce section for branded lithium batteries, creation of a lithium loan cooperation section, and construction of a cascading utilization battery cooperation section, as well as the establishment of a recycling network for electric vehicle and two-wheeled electric bicycle lithium batteries. Additionally, the platform has initiated a partner recruitment program, expecting to achieve win-win cooperation through mutually beneficial relationships with upstream and downstream enterprises.

Battery Cascading Utilization

During the reporting period, the Group actively expanded its cascading utilization of old batteries through the acquisition of the Zailiang platform. Zailiang New Energy is currently collaborating with top enterprises such as China Tower, BYD, and Nanyang Bus Group, serving as a service provider for these companies. Zailiang New Energy is one of four lithium battery cascading utilization companies in Henan Province, with the Group building an Asian battery swap center centered in Henan, proposing a complete industrial chain that integrates battery (PACK) production, battery swap cabinet R&D and assembly, lithium battery recycling, and financing leasing services, receiving recognition and strong support from provincial and municipal leaders, including early positioning in the two-wheeled electric vehicle lithium battery recycling market. During the reporting period, the Group completed a battery swap cabinet layout based in Henan, including cities like Zhengzhou and Jiyuan, supporting green travel while laying the groundwork for future asset securitization.

Innovative Dongfang Yidian

As a leading enterprise in Asia's carbon neutrality field, the Group's renewable energy innovation technology company, Dongfang Yidian (Shenzhen) Co., Ltd., actively responds to national green development strategies and government calls, innovatively launching a new service model of "old for new" + "swap for charge" + "lifetime warranty batteries." This model collaborates with partners such as Permanent Brand two-wheeled electric bicycles, Yiwei Lithium Energy, Dongfang Yidian battery swap cabinets, and Henan Zailiang lithium battery recycling, creating a closed-loop solution that not only effectively addresses safety hazards associated with old electric bicycles, safety issues in electric bicycle charging, and recycling challenges for retired lithium batteries but also significantly enhances the safety and convenience of citizens' travel and charging, setting a new benchmark for urban green travel.

Civil Engineering and Construction Business

During the Period, the Civil Engineering and Construction Business managed to record a stable performance despite the grave challenges from the COVID-19 outbreak and the economic downslope in Hong Kong since early 2020.

In the course of project contracting, the Group also attached great importance to the protection of famous and ancient trees and biodiversity and was committed to protecting the environment and promoting sustainable development while building social development. Besides, we focused on the principle of sustainable construction and had a good record in the implementation of green building projects. Our environmental management system had obtained ISO 14001 certification. Under its strict framework, we took a systematic approach to manage our resource utilization efficiency and emission control to advance continuous upgrading. Particularly, we attached great importance to the assessment of our environmental data (such as energy and material utilisation, carbon emissions, water consumption and waste generation), and took various effective measures to reduce carbon emissions continuously.

As a main contractor of the contracts awarded to the Group, the Civil Engineering and Construction Business offers high value-added services that encompass works from the procurement of materials and equipment, selection of sub-contractors to on-site supervision, work progress monitoring and overall coordination of the day-to-day work of projects. All of the Civil Engineering and Construction Business' contracts undertaken for both civil and building construction business were for customers which are independent third parties including certain departments of the Hong Kong SAR, public utilities companies and private organizations in Hong Kong.

For the Period, revenue generated from the Civil Engineering and Construction Business amounted to HK\$287.5 million (30 June 2023: HK\$194.2 million). For the Period, included in the turnover was: (i) revenue from civil engineering works of HK\$166.9 million (30 June 2023: HK\$128.2 million); and (ii) revenue from building construction and maintenance works of HK\$120.6 million (30 June 2023: HK\$66.0 million). For the Period, the gross profit of the Civil Engineering and Construction Business amounted to HK\$21.2 million (30 June 2023: HK\$13.6 million), representing a gross profit margin of 7.4% (30 June 2023: 7.0%).

As of 31 December 2024, the Group had 11 significant projects in progress, of which 4 were building construction and maintenance projects while the remaining were civil engineering construction projects.

As of 31 December 2024, the total contract sum and the total outstanding values of the Group's substantial projects in progress amounted to HK\$398.0 million and HK\$126.0 million respectively (30 June 2024: HK\$371.0 million and HK\$49.0 million respectively).

Despite the tough operating environment in Hong Kong, the Civil Engineering and Construction Business maintained its competitive advantages, which are to provide high-quality services of a wide scope and to maintain a cordial client relationship, and the progress in obtaining new contracts managed to record a stable performance for the Period.

The Group has been awarded 2 new substantial contracts for the Period, namely, Advance Civil Engineering Works for Public Housing Development Projects Batch 13 (2023-2025) as well as Civil Engineering Improvement Works at Wu King Estate and Shui Pin Wai Estate.

PROSPECTS

Global Carbon Neutral Business

- (i) The Group possesses the strongest carbon asset development and management team in the country. In the future, the Group will continue to develop customer resources based on past successful experiences in registering manure, waste power generation, and biogas recovery on the VCS platform, such as increasing carbon asset sources through cooperation with China Everbright Group, Sinochem Group and relevant local governments.
- (ii) In view of the current inactive trading of carbon assets, the Group plans to cooperate with relevant institutions to try to securitize carbon assets to achieve transactions and solve the sales of inventory carbon assets.

Green Credit Digital Technology Business Segment

- (i) The Dual-Carbon Data Service Zone of Zhengzhou Data Trading Centre is a special zone operator authorised by the Zhengzhou Data Centre to operate for the Group. Since the cooperation started last year, the business has developed very quickly with an aim to leverage its advantages to serve more enterprises.
- (ii) Fully utilise the advantages of Green Finance Open Platform to provide ESG analysis reports for enterprises and assist them in obtaining green financing.

Lithium Xunli Website and Dongfang Yidian Platform Segment

- (i) The fully leverage technology empowerment and block chain technology to increase transaction volume.
- (ii) Properly prepare for strategic investments at the right time.

Battery Cascading Utilization Segment

- (i) Actively participate in waste battery bidding business utilizing Zailiang's licensing capabilities.
- (ii) As a subsidiary with licensed resources owned by the Group, attempt to continue mixed reform of equity.

Civil Engineering and Construction Business Segment

Despite the challenging operational environment in Hong Kong, the civil engineering and construction business remains competitive.

CAPITAL STRUCTURE, FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2024, the net current liabilities and net liabilities of the Group amounted to HK\$58.8 million and HK\$30.7 million respectively (as at 30 June 2024: net current assets and net liabilities of HK\$124.1 million and HK\$49.7 million respectively).

Gearing ratio is calculated as total borrowings (interest-bearing borrowings, liability component of convertible bonds and promissory notes) less cash and bank balances divided by total equity. As at 31 December 2024, and 30 June 2024, the gearing ratio was not applicable as the Group's net equity was both in a deficit position.

CONVERTIBLE BONDS

On 4 February 2016, the Company issued zero coupon convertible bonds with an aggregate principal amount of HK\$390 million ("Convertible Bonds") as part of the consideration for the acquisition of 100% equity interest in Well Surplus Enterprises Limited ("Well Surplus") and its subsidiaries. The maturity date of the Convertible Bonds was on the second anniversary of the date of issuance (i.e. 4 February 2018). The Convertible Bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the Convertible Bonds. The Convertible Bonds can be converted into 195,000,000 ordinary Shares at the initial conversion price of HK\$2.00 per conversion share (subject to adjustment pursuant to the terms of the Convertible Bonds). The Company may redeem the Convertible Bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled.

On 13 March 2018, the Company has executed the extension of the maturity date of the convertible bonds for 2 years from 4 February 2018 to 4 February 2020.

On 14 January 2020, the maturity date of the Convertible Bonds further extended for 5 years to 4 February 2025.

As at 31 December 2024, the outstanding principal amount of the Convertible Bonds was HK\$93.0 million. The maximum number of Shares that will be issued and allotted upon exercise in full of the conversion rights attaching to the outstanding Convertible Bonds is 46,500,000 Shares.

PROMISSORY NOTES

On 4 February 2016, the Company issued two promissory notes (the "Promissory Notes") with face values of HK\$174,250,000 (the "First Note") and HK\$235,750,000 (the "Second Note") as part of the consideration for the acquisition of 100% equity interest in Well Surplus and its subsidiaries. The Promissory Notes carry interest at a rate of 10% per annum. The outstanding principal amounts plus any accrued interest will be repayable on the maturity date falling on the second anniversary of the date of the First Note and Second Note, i.e. 4 February 2018.

On 31 December 2017, the Company executed and completed the extension of the maturity date of the Promissory Notes for 2 years from 4 February 2018 to 4 February 2020 and the interest rate of the Promissory Notes shall be adjusted downward from 10% to 8% per annum for the extension period from 5 February 2018 to 4 February 2020 and all accrued and outstanding interest under the Promissory Notes shall be repaid on the extended maturity date of February 2020.

On 14 January 2020, the term of the Promissory Notes changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020 shall be payable on 4 February 2025.

Up to 31 December 2024, the Company has fully repaid the Second Note and partially early redeemed the First Note. As at 31 December 2024, the Promissory Notes had a carrying amount of HK\$16.1 million (30 June 2024: approximately HK\$16.1 million) which was recognised as non-current liabilities.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2024, the Group did not have any significant investment or capital assets.

PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any pledge of assets (as at 30 June 2023: nil).

CONTINGENT LIABILITIES

Detail of the Group's contingent liabilities are set out in note 19 in Notes to the Condensed Consolidated Interim Financial information.

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in HK\$ and RMB, which are the functional currencies of the Group. Any fluctuation in the exchange rate of HK\$ against RMB may have an impact on the Group's results. The Group has not entered into any instruments to reduce the impact of the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 301 employees (as at 30 June 2023: approximately 321) in Hong Kong and Mainland China. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, mandatory provident fund scheme for Hong Kong employees, state-sponsored retirement plans for the employees in Mainland China. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

The Group provides or subsidizes various training programmes and courses to its employees according to business needs, to ensure that its employees are kept updated with relevant laws and regulations, such as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), accounting standards, risk management knowledge, labour regulations and the employee's code of conduct.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have any future plans for other material investments or capital assets.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability.

The Company has complied all the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the six months ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting the required standard set out in the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code for the six months ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 31 December 2024.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, Mr. Cao Ming (chairman) and Mr. Wang Jiasi and Ms. Qiao Yanlin, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed with management the principal accounting policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the Group's unaudited condensed consolidated interim financial information for the six months ended 31 December 2024.

On behalf of the Board
China Carbon Neutral Development Group Limited
Zhong Guoxing
Chairman and Executive Director

Hong Kong, 28 February 2025

As at the date of this announcement, the Executive Directors are Mr. Zhong Guoxing, Mr. Di Ling and Mr. Lu Xiangyong; the Non-executive Director, Mr. Geng Zhiyuan (Mr. Wang Guangzu as his alternate) and the Independent Non-executive Directors are Mr. Cao Ming, Mr. Wang Jiasi and Ms. Qiao Yanlin.